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## THE TIMBER MONOPOLY.

OF the burthens which press upon the industry of this country, a portion only is indicated by the general aggregate of the revenue. By far the larger and more mischievous class of burthens consists of those which lie hidden from the public eye in the shape of discriminating or protecting duties, or, in other words, commercial restrictions.

In some cases these duties are sufficiently high to exclude from consumption the article on which they are imposed; when, of course, they add nothing to the revenue. The duty, though imposed, is not levied; yet the community is taxed to an equal, or nearly equal, amount, in the enhanced price and inferior quality of the article, to encourage which the duty is imposed, and to the use of which the nation is thereby confined. In other cases the exclusion is less complete; the partial use of the highly-taxed article is permitted, but, of course, at an enhanced cost.

The amount which the people thus pay without a murmur, because they see it not, almost exceeds calculation. The monopoly of food alone has been estimated as costing the nation between 15 and 20 millions. We are restricted to the use of the sugar of our East and West India possessions, at the cost of about eight millions more. Every class of producers expects protection against the whole community, that is, everybody is to be protected against everybody. The homely honest man's maxim, 'Live and let live,' is lost sight of, and 'Rob and let rob' has in practice usurped its place. Against this system of mutual aggression unceasing hostilities ought to be kept up. In the House of Commons no opportunity should be neglected of forcing divisions, both on the broad principle and on particular cases, especially upon the most flagrant cases. Out of the House, those who claim to be public instructors should be constantly watchful to point out to the community, and especially to those who enjoy the elective franchise, the especial bearing of all such questions upon the comfort and well-being of the community.

One of the most flagrant of the existing violations of the principle of free trade was last year brought to trial before a Committee of the House of Commons, and condemned by a verdict drawn from the clearest possible evidence: we mean the legislative monopoly granted to the colonial timber trade.

In the seventh volume of the 'Westminster Review,' published in 1827, there appeared an article, written by Mr. Roebuck, which placed the whole subject of that trade, in its then state, fully before the public. It was the first systematic and thorough exposition of the question which had appeared, and it proved conclusively that the trade was one of almost unmitigated evil. The circum-



stances of the trade have somewhat changed since the period at which that article was written; and, as legislation will certainly be attempted, and it is to be hoped will take place, thereupon, a reconsideration of the subject cannot be deemed ill timed.

The broad features of the timber trade may be stated very briefly.

Timber is at present obtained from two different sources: from the North of Europe, and especially from the countries washed by the Baltic; and from the British dominions in North America. The timber of the Baltic, being produced by low-priced labour, and not having to be transported a very great distance, can be delivered in the British ports at a moderate price. The timber of Canada, being a product of high-priced labour, and having to be brought from a much greater distance, both by inland navigation and by sea, than that of the Baltic, cannot be delivered in this country except at a very much higher price. In addition to this disadvantage of a greater cost of production, the timber of North America is inferior in quality\* to that of the Baltic, so that, could it be brought here at the same price, the latter would still be preferred.

Now, the wholesome principle of free trade says, 'Let us avail ourselves fully of these natural advantages; let us purchase our timber where we can get it best and cheapest.' 'No,' says the law, obeying the voice of monopoly and restriction, 'a tax shall be imposed on the good and cheap commodity, sufficiently high to overbalance the difference of cost and quality. All natural advantages shall be destroyed; the gift of Providence shall be marred by the selfish hand of man; it shall be so ordered that the British consumer shall be forced to purchase from the colonial producer.'

The way in which the law compels us to purchase the bad timber of the colonies is by a very complicated scale of duties, the main features of which are as follow:—

Description.	Colonial.	Foreign.
Square timber . . . . per load	10s.	55s.
Deals . . . . . per hundred	£2.	£19.
Battens . . . . . „	£1.	£10.
Staves . . . . . „	8s.	£4. 4s.
Oak plank . . . . . per load	15s.	£4.
Wainscot logs . . . . „	12s.	55s.
Masts . . . . . each	1s. 6d. to 4s.	8s. to 22s.

\* The difference of quality is indicated by the difference of price. The red pine of the Baltic brings 25 per cent. more than that of Canada. The most favourable view of the case, so far as respects Canada, is, that the natural quality of Canadian red pine is equal to that of the Baltic, the difference being in superiority of manufacture.

Thus foreign European timber pays  $5\frac{1}{2}$  times as much duty as colonial timber, foreign deals  $9\frac{1}{2}$  times as much as colonial deals, whilst in favour of colonial staves there is more than a ten-fold duty.

Enormous as this difference is, it is not sufficient to drive the timber of the North of Europe out of the market. The English builder is willing to purchase it, notwithstanding its enhanced price, because he can obtain none of equal quality from our colonial possessions.

Leaving general statements, let us now look a little more closely at details, in order to ascertain, as nearly as possible, how much the nation pays annually for the privilege of using bad colonial timber. Here we shall find the following table of the importation of 1834, of great service. It shows the effect of the present scale of duties, in determining the proportion of our supply obtained from each source :—

Description.	Foreign.	Colonial.	Both.	Mean Duty.
Pine timber . . . . Loads	110,024	379,404	489,428	20s.
Oak . . . . . „	9,000	17,500	26,500	25s.
Unenumerated . . . . „	..	..	41,800	
Deals . . . . . Hundreds	33,105	34,000	67,105	£9. 10s.
Battens . . . . . „	11,798	1,561	13,359	£9. 10s.
Staves . . . . . „	11,782	75,073	86,855	9s.
Masts, under 12 ins. . Number	9,354	4,722	14,076	
„ large . . . . . Loads	575	3,894	4,469	
Oak plank . . . . . „	2,734	4	2,738	
Wainscot logs . . . . „	3,031	0	3,031	
Lathwood . . . . . Fathoms	4,713	5,086	9,799	

(*Tables of Revenue, &c.*, Part IV., page 17.)

As the present scale of duties is insufficient to drive the timber of the Baltic out of the market—as it only just enables the colonies to compete with the European producer—it must be obvious that any material approach to an equalization of duties will transfer the trade from the colonies to the North of Europe, except in the case of some few descriptions of timber which cannot be procured from the latter source. If the duties were fixed at the mean rates now levied, as shown in the last column of the foregoing table, at least the same amount of revenue would go into the Exchequer as under the present scale, but it would be nearly all levied on Baltic timber. We say *at least* the same amount of revenue, though in reality the amount would be greater. Consumption would be materially increased by cheapness, and the increase of revenue would follow the same ratio.

On the timber of the colonies the consumer suffers a loss in two ways; by its higher cost, and by its inferior quality. With regard to its higher cost, we have only to deduct the present duties from



the prices of colonial and Baltic timber respectively, and the difference between the net prices will show us how much more we are now compelled to pay for colonial than for Baltic timber. With regard to the difference of quality, the relative prices also afford us a tolerably accurate measure. Take, for instance, red pine timber. Under the present state of the duties red pine from both sources holds a place in the market, Canadian at £4. 10s. per load, Baltic at £5. 10s. per load\*. If the quality of Baltic timber were not better than that of Canadian timber, no one would think of giving £1 per load more for it. The fact that it is generally £1 higher is proof that the consumers think it £1 better, and their judgment is not likely to be far wrong. Taking this simple view of the matter, we shall not go into detail or search for evidence to prove the inferiority of the colonial wood. We may mention incidentally, however, that, were we to do so, the result would be much more unfavourable to the views and statements of the opponents of free trade.

Taking the difference of the current gross prices as the measure of the difference of quality, and the difference of the net prices, stripped of duty, as the measure of the present loss to the community in price, we obtain an estimate of the whole loss per load on timber, per hundred on deals, and per thousand on staves, from the colonies, thus:—

—	PINE.		OAK.		DEALS.		STAVES.	
	Colon.	Foreign.	Colon.	Foreign.	Colon.	Foreign.	Colon.	Foreign.
Prices . . . .	£. s.	£. s.	£. s.	£. s.	£.	£.	£.	£.
Duties . . . .	4 10	5 10	5 10	7 10	17	29	70	110
	0 10	2 15	0 10	2 15	2	19	4	42
Prices, free of duty, } per load . . . .	4 0	2 15	5 0	4 15	15	10	66	68
	£. s.		£. s.		£.		£.	
Loss in price . .	1 5		0 5		5		2 gain.	
Loss in quality. .	1 0		2 0		12		40	
Loss † . . . .	2 5 per load.		2 5 per load.		17 per hundred.		38 † per m.	

\* It is worthy of remark that the average prices of two years exhibit the same difference, namely, 20s.; the average price of Baltic red pine being 106s. 6d., that of Canadian 86s. 6d.

† The last line of loss is a line of differences, and, consequently, will not be disturbed by an equalized scale of duties. If the duties be fixed at 10s. or 20s., or 50s., the differences would still be as above exhibited—would still express the rate of loss which the community suffers by restriction.

‡ In the case of staves, foreign would still be higher than colonial, under equalized duties: this difference has to be deducted to make our statement of the loss by inferior quality correct. We have taken the ordinary, rather than the present prices, as Baltic staves are now, from scarcity, unusually high.



Before we calculate the total loss per annum on these data we must make allowance for the timber which the British colonies would continue to furnish under any circumstances. For all purposes where great breadth and freedom from knots are of importance, there would still be a demand for the yellow pine timber of North America. On this point we must refer to the witnesses examined. Mr. White, an architect and surveyor, who had been extensively engaged in the timber trade, was asked (Question 2,899\*) to state the purposes for which North American white pine would hold its place: he replied—

‘ Moulds, picture-frames, hat-boxes; these afford the largest price, I believe, given for any fir timber: the grain of Canadian timber is very fine; it admits of being cut into a thinner boarding than any other, and also for musical instruments.

‘ 2,900. Purposes of wainscoting?—For panelling; a great deal of internal panelling.

‘ 2,901. It is very superior for internal panelling?—Yes, from its great width, and it stands well: when it is once well-seasoned it stands extremely well.’

For what quantity of this wood there would be a demand, the report does not contain evidence to enable us to determine with precision. It would not, however, be so great as the quantity now consumed, inasmuch as the low price of yellow pine now causes it to be resorted to for purposes for which red pine is better adapted. ‘As *timber*,’ says Mr. Smirke (3,369), ‘it is now used to a considerable extent, though not fit to be so used;’ and Mr. Mitchel, a merchant engaged for upwards of 50 years in the timber trade, thinks its use extremely injurious. Under these circumstances an allowance of 100,000 loads will be ample for the purposes for which white pine cannot be dispensed with; leaving 279,000 loads to be transferred from the colonial to the Baltic trade, and on which alone our present loss must be calculated.

The losses then are as follow:—

	£.
Loss on Pine timber, 279,000 loads, 45s. . . . .	627,750
„ Oak „ 17,500 „ 45s. . . . .	39,325
„ Deals „ 34,000 hundreds, £17 . . . . .	578,000
„ Staves „ 7,500 thousands, £38 . . . . .	285,000
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	1,529,075†

\* See also the following evidence: Armstrong, 3299, 3313; Smirke, 3369-75-76-81; Mr. Warburton, M.P., 5114-52-55; Pemberton, 2819-20.

† The above, being the amount of loss by inequality of duties, would be all gained by the consumer, if the equalization took place, wholly by a reduction of the duty on Baltic timber. In any other case, part only would be gained by the con-



It may be proper to observe in this place, that the above estimate does not differ materially from others which have been put forward from time to time by competent judges. In the article in the 'Westminster Review' already quoted, the writer makes a larger proportion of the loss to arise from inferior quality than we have made; but the trade was then much less extensive than it now is. For instance, the importation of colonial deals was then only 12,000 great hundred; it is now 34,000, or nearly three times as much: the importation of staves was only 20,000 great hundred; it is now 75,000. Thus our estimate of £1,500,000 is more favourable to the opponents of free trade than an estimate of £1,000,000 ten years since. Sir Henry Parnell, in his work on financial reform, says, 'The trade costs the public £1,000,000; many competent judges say £1,500,000.' Mr. George Norman, a first rate authority, stated before the Committee on Manufactures, Shipping, and Commerce, in 1833, that the trade since 1813, that is, in twenty years, had cost the country upwards of £30,000,000. Hence, when the great increase of the trade is taken into account,—when it is considered that we have made

summer, and part by the revenue. If the duty were fixed uniformly, on both articles, at the present *average* rate, the State would receive the same amount of revenue as at present. Baltic timber would be cheaper than at present by the amount of the reduction of duty, or 35s.; it would be cheaper than Canada timber now is, by the difference between the present price of colonial timber, 90s., and the reduced price of Baltic timber, 75s.; that is to say, it would be cheaper by 15s., and it would be better to an extent indicated by the difference of the present prices, or 20s. Adopting this mode of computation, an allowance must be made for the enhanced price of the 100,000 of white pine which would still be required from the colonies. This, at 10s., would amount to £50,000; thus we have

	£.
110,000 loads of Baltic pine cheaper by 35s. . . . .	192,500
279,000 loads of pine, transferred to Baltic, cheaper by 15s. . . . .	209,250
And better by 20s. . . . .	279,000
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	680,750
Deduct for enhancement of yellow pine . . . . .	50,000
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Prospective gain or present loss by the pine trade . . . . .	630,750

The loss by the other articles of timber will be found to agree with our first estimate as nearly as the above.

Should the duty be fixed at a rate exceeding the average rates indicated by the second table, the consumer would be deprived of a portion of the advantage; but then the revenue would be increased to an equal amount. Thus, suppose that the timber, in all shapes, amounts to 1,200,000 loads, and the duty levied to £1,200,000, it follows that the mean rate is 20s., although a portion of the timber may have paid no less than 79s. 9d. (Appendix to Timber Report, No. 10), and another portion as little as 2s. 4½d. If the duty were fixed at 20s., the same amount of duty would be received as at present, whilst the public would be enormous gainers. If the duty were fixed at 30s., the public would gain some hundred thousands of pounds less, while the revenue would be increased. The transfer from the public to the state would not equal the 10s., inasmuch as consumption would be less; but it would, perhaps, not be far short of £500,000.



no calculation for red pine masts, lathwood, battens, and many other articles,—it will, we think, be admitted that our estimate of £1,500,000, as the annual loss suffered by the consumer by the colonial timber trade, is far from excessive.

Against these statements of loss it is urged by the friends of restriction, that, the moment we equalize the duties, foreigners, being relieved from the competition of the colonists, will raise their prices. We answer, that competition will exist in the North of Europe to an extent and of a nature to render combination for the purpose of keeping up prices impossible. There will be the competition, not only of individual dealers, but of three or four nations. In the beginning the price of Baltic timber will probably rise; two circumstances will, however, check the advance, and render it of short duration: first, a large quantity of Canadian timber will be thrown into the English markets the moment prospective equalization, or any approach to it, shall be announced; secondly, whatever advance may take place above the remunerating price will operate as an inducement to produce in excess, so that the period of high prices will most certainly be followed by a period of low prices. If the North of Europe were incapable of supplying the requisite quantity, except at an increased cost of production or importation, that increased cost, whatever it might be, must be set against our estimate of the present loss by the trade. There is, however, ample evidence that the necessary quantity would be forthcoming without material increase of cost. Mr. Richard Norman, a gentleman of great experience in the trade, was asked—

‘ 579. The supply of timber can be increased to a very great extent? —To an unlimited extent.’

And he gives the following reason for his answer:—

‘ When first I entered business *fourteen* ports of Norway exported timber to this market; but the woods surrounding many of those places will either only furnish short timber, or, from local circumstances, they are prevented from procuring it of large dimensions. The consequence is, that of this number three only now supply it, viz., Christiania and Frederickstadt (I class these two together in both cases), Dram, and Schien. Were the duties equalized, each of the other eleven ports would again become suppliers of this market.

‘ 602. Is the condition of the forests, or rather their propinquity to streams, such as that any considerable increased demand for deals would raise the cost of the deals, from the increased difficulty of bringing them down?—I should think not, because, if the proprietors of woods in the neighbourhood of the streams supplying Christiania or Dram were to raise the price beyond a certain extent, the retaliation of the duty, for it is on that the question hinges, would enable other ports to supply deals on such terms as to force the merchants of Christiania and



Dram to bring down their prices to an equal level ; therefore I imagine that an alteration in the duty would not create any advance in the prime cost of the wood beyond the first year or so.

‘ 603. You say to a certain extent. Is your opinion fixed as to the per-centage on the prime cost in Norway which would produce the effect of an additional supply ?—No, I cannot say what it would be ; it might be 5 per cent., perhaps.’

This advance, which, according to Mr. Norman, might perhaps be necessary to induce an additional supply, is 5 per cent. on the price in the producing country, and therefore amounts to a mere trifle—namely, about £50,000—on the price here. An advance even of 20 per cent., which could not by any possibility be maintained, would not be 5 per cent. on the English price. No great deduction, certainly, from the pecuniary advantage which we have shown would spring from an equalization of duties.

The enormous loss occasioned by the restrictions on the timber trade being thus placed beyond a doubt, it would require powerful inducements indeed to justify the continuance of those restrictions. Whenever complaint is made of the evil, we are told, by those interested in the North American trade, that such inducements do exist ; that the pecuniary loss of £1,500,000 annually is more than counterbalanced by various national and commercial advantages, of which we should be deprived by the destruction of the colonial timber trade. We are told that the prosperity of our shipping and manufactures depends upon having colonies ; that many of our colonies depend wholly on the timber trade for the means of purchasing our manufactures and employing our shipping, and that, consequently, every blow aimed at the colonial timber trade falls upon our ships, colonies, and commerce, and, through them, upon our maritime ascendancy as a nation. Into these allegations we shall now briefly inquire. We shall endeavour to ascertain in what way the annihilation—assuming it to be complete—of the colonial timber trade, would affect, *first*, the colonies ; *second*, the trade and manufactures ; *third*, the shipping of this country.

Considered in reference to the North American colonies, the question resolves itself into this :—Have the colonists any other means of employing the capital and labour now employed in the timber trade ? and, if so, can the transfer from the old to the new employment be easily effected ? To both these questions the answer is in the affirmative.

The North American colonies, both by soil and climate, are peculiarly adapted to agriculture, which is now the chief occupation of the people. Wheat is even now produced in Canada so as to sell at £2. 15s. in the English markets, after paying a duty of 5s. per quarter. The quality of such wheat is considerably better



than the average quality of English wheat; it is on a par with all but the finest qualities of Kent and Essex wheat, and surpasses the wheat even of those counties in indifferent seasons.

But wheat is only one of many articles of agricultural produce, capable of being advantageously produced in the North American colonies. Hemp and flax are there indigenous. They grow wild about the farmers' dwellings. For home use both are cultivated and worked up into household fabrics. Flax-seed has been long an article of export, and the only reason why it is not more extensively produced is because the timber trade holds out a strong but fallacious inducement to the application of capital and labour.

Tobacco is another article of rapidly-increasing production. In 1825 three or four hogsheads were received at Montreal from the southern part of Upper Canada\*; in 1835 (or in ten years) the quantity had increased an hundred-fold—and this, be it remarked, in spite of the seductive influence of the timber trade.

Pot and pearl ashes are now manufactured and exported to a considerable extent, but their production has been checked by the extensive use of factitious soda. Ashes are a result of the clearing of the forest for agriculture. To cut down trees for the sole purpose of making ashes would not be attended with remuneration, but where clearing must take place at all events, the making of ashes becomes profitable. The extension of agriculture, consequent upon the annihilation of the colonial timber trade, would therefore increase the facility of bringing ashes to market on better terms, and thereby improve their chance of competition with the rival alkali.

Salted beef and pork, dried and pickled fish, butter, lard, hides, horns, tallow, live horses, and numerous other articles, have each, in British America, their appropriate section of country to which they seem naturally to belong by peculiarity of soil, climate, or position. Canada has its agriculture, Newfoundland its fisheries, Nova Scotia its mines, whilst New Brunswick is destined to become one of the finest grazing countries in the world, and would probably have been so by this time, had not the discriminating duties operated especially in favour of that province, in consequence of the advantage of a shorter and lower freight†.

In illustration of the extent of the resources of the several colonies, independent of timber, we shall turn to the Report. Mr. Revans, a gentleman well acquainted with the Canadas, in the lower province of which he long resided, states, with great precision and clearness, the large proportion of the importations into Canada which is paid for by exports other than timber:—

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\* Amherstberg, in 42° 30' North.

† This is analogous to a rent in favour of New Brunswick. If all the provinces were fairly treated, the duty on the timber of those provinces which are least advantageously situated, should be lower by the difference of the freight.



‘ I should first state,’ says Mr. Revans, ‘ that I estimate the whole value of the import trade of Canada, both by sea and the United States, for home consumption, at about £2,200,000 colonial currency, or £1,583,334 sterling; and I should say that the value of wood of all descriptions, dependent upon the timber-trade law, exported from Canada, on the average of the three last years, might be about £500,000 colonial currency, or £416,667 sterling; certainly not more.’

Of the remaining portion, Mr. Revans estimates that about £500,000 is paid for by money brought in by immigrants, and by the expenditure of Government. This leaves £1,200,000, or £1,000,000 sterling, to be paid for by exports other than timber.

Let us now turn to the other colonies. In the Appendix to the Report is a statement drawn up evidently for the purpose of magnifying the importance of the timber trade; but, notwithstanding the use of considerable artifice, it has failed in disguising the insignificance of that branch of trade.

In Nova Scotia, mines and fisheries are the principal modes of investing capital and employing labour: witness the following statement:—

	£.
Produce of the Mines exported . . . .	247,000
„ Fisheries „ . . . .	239,000
„ Agriculture „ . . . .	50,000
„ Forests „ . . . .	187,000
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	723,000

(Report on the Timber Duties, Appendix.)

And even of the £187,000 a considerable portion consists of staves, boards, shingles, hoops, &c., shipped to the West India colonies, and therefore not liable to be affected by a change of the British duties.

Newfoundland has no timber trade. The exports are,—

	£.
Produce of the Fisheries . . . . .	452,465
„ Agriculture . . . . .	1,652
„ Forests . . . . .	291

Prince Edward's Island exports various articles to the value of £65,000, whereof £16,000, or one-fourth, consists of timber, of which, as in the case of Halifax, the greater part goes to the West Indies.

To give an idea of the thorough dishonesty with which the table in the Appendix is drawn up, it is only necessary to state that ashes are included under the head ‘ Produce of the Forests.’ It is quite true that ashes are the produce of the forests; but the impression intended is, that the trade in the ‘ produce of the forests’ will be injured by any approach to equalization of duties—an impression which is false, considered in reference to ashes. Montreal is set down as exporting produce of the forests to the extent of £194,050: of this £182,530 consists of ashes.



There can thus be no question but that the North American colonies have other and ample means of employing their capital and labour; and it only remains to estimate the effects of the process of transfer.

Capital is capable of two modes of investment. When invested in such a way that only a portion is annually reproduced, it is classed as fixed capital; when invested so that the whole is reproduced annually, or in a shorter period, it is called floating capital. Buildings, machinery, mill-dams, &c., must be classed as fixed capital. The subsistence of the labourer, the implements which rapidly wear out, the horses and cattle employed, and the manufactured article on its way to market or waiting sale, constitute floating capital. The difficulty of transferring floating capital is trifling; whatever difficulty exists lies in the transfer of fixed capital.

In the case of the timber trade of our North American colonies, the greater part of the capital employed is floating capital. The stock of timber at Quebec alone occasionally amounts to one-fourth or one-third of the annual supply; hence time should, and doubtless would, be given to dispose of this surplus stock, and to put a stop to further production. The cattle, horses, implements, and subsistence, would accompany the labourer to his new employment.

The fixed capital invested in the trade consists partly of mills, and partly of wharfs for the convenience of shipping the deals, boards, and staves. As to the amount of this capital, some difference of opinion existed among the witnesses examined; we shall therefore give currency to that estimate which is most favourable to the parties interested.

Appended to Mr. Neilson's evidence is a statement of the mill property in Lower Canada, drawn up by the owners themselves, and therefore to be received with considerable suspicion. The result is that the value of mills, producing 2,337,000 pieces of deals, is £145,000.

Now, of this quantity it is only that portion which is destined for the English markets which should be permitted to enter into the question. According to the annual tables now drawn up at the Board of Trade\*, the number of deals imported from all the British North American colonies in 1834 was 34,000 great hundreds, or 4,080,000 pieces. This far exceeded the average of the previous three or four years; but, allowing the colonial deal-makers the benefit of their own statements, it would give, as the amount of *fixed capital* employed in the production of deals in all the British North American colonies, a sum but slightly ex-

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\* Statistical Tables, Part IV. page 162.



ceeding £250,000 of the colonial money, or £208,333 British sterling. This, let it be observed, is the estimate of deeply-interested witnesses—the mill-owners themselves; evidence which would be rejected in a court of justice were the amount at issue of the value of one farthing only. Accounts more worthy of credit estimate the value of capital employed in mills and wharfs at £200,000 (£166,660 sterling), and even as low as £150,000 (£125,000 sterling).

Mr. Samuel Revans estimates the value of the fixed capital employed in the production of deals at £150,000 to £200,000. Now there is every reason for attaching great weight to this estimate. In the first place, no one can read the evidence of Mr. Revans without being struck with the extent and minute accuracy of his knowledge of the country. In the next place, in the whole course of his evidence he never ventures upon an opinion, without addressing himself to our reason by giving the grounds of that opinion. Lastly, he is a purely disinterested witness.

Accompanying the schedule of mills employed in the production of deals is also a list of coves, or lumber establishments, at Quebec. These coves are small bays in the river St. Lawrence, with sloping beaches, adapted to the examining, securing, and shipping of square timber. Their utility, combined with their proximity to the port of shipment, enables their owners to exact a rent—a rent generated, be it observed, by the discriminating duties. Though their fortunate owners may fix a value upon them proportionate to the rent they bear, they must not therefore be confounded with the capital of the colony. Some of these coves have from time to time changed hands, and thus an amount representing their artificial value may have been transferred from A to B, but still without affecting the capital of the country. B, the present possessor, may lose the advantages he expected from paying the money, but A, the original owner of the cove, still has it. The capital of the country therefore remains undiminished, though a value may have been first created and then destroyed by the law.

Mr. John Revans, in a pamphlet\* on the timber trade published in 1831, states it to be his opinion that, ‘as respects the fixed capital, it may be allowed that some, though a very small, loss would be sustained.’ Since the publication of Mr. Revans’ pamphlet the chances of loss have greatly diminished, indeed almost wholly disappeared, in consequence of a new employment which has opened to the Canadian mills.

On the shores of Lake Champlain, immediately south of the district of Montreal, a very extensive trade is carried on in boards

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\* ‘Observations on the Timber Trade,’ pp. 34. Richardson, 1831.



and planks, for the consumption of the cities and towns of the States of New York and Vermont. The principal emporium of this trade is Troy, at the head of the navigation of the Hudson river. Owing to the gradual disappearance of the forests in the States just named, the trade has been for some years moving gradually, but steadily, northward; and within the last two years, the old and nearer sources of supply having been found insufficient for the demand, Canada already furnishes a portion of the supply. So rapid has been the increase in this branch of industry, that some mills which formerly cut deals for the British markets have now ceased to do so, confining themselves wholly to what may be considered a home trade. The newspapers of Upper Canada continually mention this change. In the neighbourhood of Cobourg, on the north shore of Lake Ontario, are several mills which are now entirely employed in sawing boards for the United States' markets; and in a few years there is every reason to believe that the present mill property of Canada will be insufficient to supply the American demand for boards and planks.

Mr. S. Revans states, in his evidence (2,618), that the United States' demand for lumber would be supplied from Canada if the discriminating duties were removed:—

‘As a more limited quantity (of timber) would be required, and that drawn from places of production more immediately in the neighbourhood of the markets, it would be enabled to be produced at a smaller cost, and we should send a good deal to New York, and to other large towns of the United States.’ \* \* \* ‘I think we should have a good deal of the trade of New York, and the best part of our trade—the deal or plank trade.’

What was thus anticipated as the result of the removal of the monopoly of the English markets, has lately actually taken place before the removal of that monopoly.

Having thus shown that the North-American colonies have ample means of employing their capital and labour independent of the timber trade, and that there exist no obstacles to the transfer\* of that portion of capital which is now employed in the latter branch of industry, we have done quite enough to show that, as far as the colonies are concerned, there is no reason why the prin-

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\* The transfer of capital from one employment to another is facilitated in Canada and the other colonies of North America in the same way as in the mother country, namely, by means of banks and credit. Banks may be considered as the instruments by which the lender and borrower of capital can be rendered mutually accessible to each other. When the wheat-producers are in a state of prosperity, and therefore of credit, they become extensive borrowers; when some other class of dealers are in a greater state of prosperity, and therefore of credit, they in their turn become the borrowers. Thus it is that capital is transferred from one channel to another gradually, and without the slightest disturbance.



ciple of equalization should not be carried into practice at once. We shall, however, go a point further, and show that the present forced trade in timber is actually *injurious* to the colony in the highest degree, and that the greatest positive benefit will arise from its annihilation.

As a general principle of the science of trade, it is true that profits have a perpetual tendency to equalize. If, at any particular time, one branch of industry ceases to yield the ordinary and average profit, production will decline until diminished supply shall restore price to a remunerating rate. But this principle, though true for the most part, is not without exceptions. It may happen that a trade may be carried on, without yielding, on an average, any profits at all; in which case the sooner it is discontinued the better. A trade may be analogous to a lottery. In a lottery, the amount returned to the adventurers generally in the shape of prizes falls short of the amount paid for tickets, and thus there is a certain net loss to the aggregate of those who embark in lottery speculations. Why then do people embark in them? Because they are lured by the magnitude of the advantages which must fall to the share of some. Their minds dwell upon the highest prizes; for these they make a desperate throw; they enter into no sober calculation as to the average remuneration.

The timber trade in Canada comes within the exception to the general rule. It partakes more of the character of a lottery than of a branch of sober industry. The prizes are extremely high, and the blanks proportionably numerous. A few words (and we shall adopt those of Mr. Revans in preference to our own) will place this in a clear point of view:—

‘There is a circumstance,’ says Mr. Revans (2,589,) ‘attending the Canada timber trade, which causes the pursuit of that trade to be an exceedingly gambling pursuit; it is the smallness of the invoice price as compared with the price in this market. White pine is the principal of the Canada timber export; I believe it may be valued at 12s. a load. When it comes to this market it is enhanced, by the duties and the freight, and other charges, to about 70s.; now, supposing the shipper not to be the ship-owner, but to be possessed of an invoice of the timber, the rise and fall of the timber here would, of course, fall wholly on that investment, inasmuch as all the fixed charges must be paid. Assuming the selling price of Canada timber trade at 70s., a rise of 5 per cent. would be 3s. 6d.; I believe no merchant would consider a rise or fall of 5 per cent. a fluctuation of any great importance; but the rise or fall of 5 per cent. (or 3s. 6d.) on 70s. is, on the invoice price of 12s., 30 per cent. or nearly one-third; so that, while the market here appears to be without a fluctuation of any importance, there is a fluctuation to this enormous extent. The cotton trade is often spoken of as the most speculative trade, though it is not, in fact, a twentieth part so speculative as the Canada timber trade.’



This liability of the timber trade to excessive fluctuation is rather under than over-stated by Mr. Revans. Fluctuations have frequently taken place sufficiently great not only to swallow up the whole of the original cost, but to leave the shipper a debtor to the consignee to a considerable amount. In 1825-26, for instance, an excessive production of timber in the North-American colonies raised freights to 63s. per load. The same excessive production which thus enhanced the charges on the one hand depressed the home markets on the other; and many cargoes of timber did not pay the freight and dock charges. Thus the unfortunate shipper lost, first, his timber, and, next, the whole amount of the duty. If he were insolvent, the loss fell upon the consignee; so that, in the autumn of 1825, when some ground for anticipating the then approaching disasters had reached Canada, many prudent merchants refused to receive consignments of timber. The ruin which ensued was almost universal. Now, what had induced this excessive production, and disposition to speculate in timber? Simply the enormous prizes of previous years.

But the risk is not confined to the commerce in timber; it extends to its production. The timber of Canada and of New Brunswick is for the most part produced at a distance from the port of shipment, to which its transport in the form of rafts is attended with enormous risk. Mr. Revans shows, and other witnesses admit, that the wrecks are numerous:—

‘A large quantity is lost coming down the numerous rapids and waterfalls; an immense quantity of the timber is lost or ruined; many rafts are lost when in the neighbourhood of Montreal. I have known 14 rafts wrecked in a single gale. At Quebec it is not uncommon to have an immense quantity of timber carried away after it is supposed to have been secured.’

Another source of disappointment and excessive loss arises from the absence of sufficient snow to transport the timber from the woods to the streams, and also from the sudden falling of the waters causing timber to remain on the beach. No less than 60,000 pieces of timber are now said to be suffering detention from a want of water in the Ollawa river. The consequences are high prizes to those who have been fortunate to reach the market, and ruinous blanks to those whose timber is left behind.

Of course the man who succeeds, under such circumstances, in getting his raft safely to market, gains a prize; and, in the reckless enjoyment which follows, the dangers of the rapids, of the lake, of the drift ice, and of the winds, are forgotten.

It would be absurd to look for sober habits from such a state of trade. All reasonable and coherent accounts characterize the trade as of a most demoralizing nature, turning the most hardy



and energetic portion of the population into a band of thriftless and reckless profligates.

It may be proper to remark that this liability to extraordinary fluctuation, and consequent risk of loss, does not belong to the production of sawn timber for home consumption and for the United States. The producers have not to bear on a small sum the fluctuations of a much larger; all they are liable to are the effects of competition, which invariably carry with them a remedy for the evils which are incidental to them. The 'getting out' saw logs is not so difficult and arduous a business as getting out large timber, and the risk of loss is very trifling, as they are floated down small streams, and are finally stopped by a dam. The great value of boards and plank consists of labour expended upon them, and the mode in which the labour is applied is highly favourable to the growth of a moral and intelligent population. The work is carried on under cover, but not in heated and confined buildings. Combination and co-operation are observed to a very considerable extent, and the whole business is, in most cases, under the inspection of the owner of the mill. That portion of the lumber trade which the North-American colonies would retain would not possess the objectionable character which attaches to the external timber trade.

We have already said that the seductive influence of this essentially gambling trade has the effect of turning aside capital from other and more productive employments. The following statement of the average quantity of wheat exported in periods of five years will amply illustrate and prove this proposition:—

Five Years ending	Bushels.
1797	326,921
1802	493,707
1807	261,809
1812	295,473
1816*	5,986
1821	391,255
1826	429,809
1831	747,210

Here we find that the rate of increase exhibited between the first and second periods met with a sudden check about the year 1807. After this period the exportable surplus still went on increasing, but starting from a smaller quantity; and it was not until after 1826 that the average surplus for export attained the same point as it stood at before 1807. Now it was in 1807 that

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\* Four years only, a period of war.



the colonial timber trade was first encouraged by discriminating duties ; and, as there is no other circumstance by which this decrease of the export of other articles can be accounted for, we are warranted in attributing it to the introduction of the forced trade in lumber. Had the ratio of increase of the first periods been maintained, the average of 1827-31, instead of being 740,000 bushels, would have been 1,400,000. It is also worthy of remark that in 1772-75, when the population of Canada did not exceed 85,000, the average export of wheat was 293,796 bushels, chiefly to Spain and Portugal. In the same proportion the present population, exceeding 1,000,000, should furnish 3,500,000 bushels. It sometimes happens, during unfavourable states of the English markets, that the United States' millers are large purchasers of wheat in the market-towns of Upper Canada. Last year this was the case to a considerable extent. Whilst the wheat of Canada was thus going into the United States, flour was returned into Canada. In addition to this trade, foreign wheat has been shipped from England to Canada, and, it is believed, with advantage to the shipper. Some persons connected with the trade of Canada have been either ignorant or uncandid enough to mention this fact as a piece of evidence that Canada cannot grow wheat enough for her own consumption, and that therefore her dependence on the timber trade is absolute. These persons forget that foreign timber was shipped to Canada, as well as foreign wheat. Cannot Canada grow timber enough for her own consumption? Yet the inference, if good for anything, is good in both cases. The fact is, the discriminating duties in both cases are sufficiently high to enable the shipper to pay double freights for the purpose of securing the privilege of the lower duties.

It is quite amusing to observe the shifts to which the colonial timber-merchants are driven by the conflicting operation of inconsistent interests of their own. Some of the timber-merchants connected with Quebec are great jobbers and land-company schemers. As timber-merchants their interest is to show that Lower Canada is utterly incapable of producing wheat, and, as may be supposed, they hesitate not to make the assertion. Presently they are called upon to assume a new character—to contradict all they had previously advanced, and to laud their '*quelques arpens de neige vers le Canada*' (as Voltaire has it) as an earthly paradise. Mr. Revans (2,595) points out the inconsistency, 'and even selfish cruelty, of those persons who assert 'that the country is unfitted for agricultural pursuits,' and yet recommend to emigrants to proceed thither. One opinion only can be formed of men who, as directors of the British American Land Company, exhort farmers to go to Lower Canada, and, as timber-merchants, wodu



have us believe that wheat cannot be advantageously produced in that province. The evidence of such men is utterly untrustworthy, utterly valueless, on either side.

Before we dismiss the portion of our subject which relates to the interests of the colonies it may be necessary to notice two statements, which, although often refuted, are ever and anon called up as reasons for continuing the monopoly. One is, that the lumber trade furnishes employment to the recent immigrant, and that, without that trade, no other employment would be open to him. The other is, that it is of signal use to the agriculturist, by clearing the forests.

With regard to the first assertion, it is notorious to those who are at all acquainted with the subject that in no one stage of the process of lumbering do the recent immigrants find employment. The manufacture, if we may use the term, is carried on by men who are accustomed to the axe as it is used in America. Most of the choppers and dressers are native Americans and Upper Canadians, with perhaps a few—but only a few—old countrymen, who have served a long apprenticeship to wood-craft. The men who prepare and raft the wood, also for the most part accompany it in its long and perilous voyage to its port of shipment. When it has been delivered into the hands of the Quebec dealer or shipping merchant, the original lumber-man leaves it; but does it then go into the hands of the recent immigrant? No; it goes into the hands of Lower-Canadian labourers, who are accustomed to the work which is now required, especially re-dressing and team-hauling. In some few cases, where mere human force is required, the recent immigrant does find employment; but such cases are not sufficiently numerous to affect the truth of the proposition that the lumber trade does not afford employment to the recent immigrant. It is to agriculture and to public works that he must look for employment.

In the next place, those who tell us that the lumber trade contributes in any way to the clearing of the forest are utterly ignorant of the manner in which the forest is cleared, as well as of the way in which the lumber-man proceeds. The lumber-man selects a few trees from an acre; the agriculturist requires that all be removed. The lumber-man leaves the under-brush as he found it; he also leaves the branches, and such parts of the tree as he does not require, to encumber and entangle the ground; so that the clearer, coming after the lumber-man, has nearly double work to perform\*. The lumber-man is, in fact, a perfect nuisance to

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\* See Mr. Revans' Observations, &c., p. 15, and 'Westminster Review,' vol. vii. p. 141.



the chopper, and is the exciting cause of so many profane oaths, that we really think the lumber trade should be interdicted in Sir Andrew Agnew's holy Bill.

Having fully considered the question as it affects the interests of the British consumer, and that of the people of the colonies, we proceed to view it as it bears upon our manufactures and trade.

In showing that the colonists have other means of employing their capital and labour, independent of the timber trade, and that consequently the value of their exports would, except during the process of transfer and adjustment, remain undiminished, we, in effect, settled the question as to the unimpaired power of the North-American colonies to purchase our manufactures after their timber trade shall have been annihilated. The colonies will still take as great an amount of our manufactures as at present, and our manufactures will, in addition, have all the benefit of any new demand which may spring up in consequence of the increased power of the North of Europe to purchase. As the question, however, is one involving important principles, we shall not stop here, but shall endeavour to trace out the ulterior consequences of the proposed alteration.

It is said that the people of the North of Europe do not take our manufactures. True; but why do they not? Simply because they have only timber to offer us, and this we refuse to take of them. If they could find other customers for their timber, they would doubtless come to us for such articles as we are in the habit of selling cheaper than any other country in the world; but, as we give our custom in the only article in which they deal, to a country which does not want such custom, and which would not deal in the article but for our custom, the people of the Baltic are rendered poorer by the value of the trade, and our manufacturers deprived of custom to that amount. We have the most perfect evidence that the North of Europe would be an extensive customer to our manufacturers, in the fact that such was actually the case before we refused to take their only purchase-money.

Mr. Richard Norman is asked—

'642. You state that there has been a very large falling off in the Norway trade within the last few years; has that had any considerable effect upon the consumption of the produce of Great Britain in those countries?—A very great effect indeed. When first I entered business the exports of British manufactures and colonial goods from this country were enormous; they are now comparatively small, though Norway does take, and is disposed to take, everything she can from England.'

Mr. Norman afterwards states that this falling off does not



arise from any diminished desire to consume British goods, nor from their having got other channels of supply, but that it arises from their 'perfect inability' to purchase under the present circumstances of the trade. The witness was afterwards asked—

'752. Do you consider that an increased importation of Norwegian timber would cause an increased demand in Norway for British manufactures?—I believe that the effect of an increased supply of Norway produce in this country would be a very material increase in the exportation of British manufactures; and I believe, further, that, if the trade was put on such a footing as to yield a profitable return to the exporter from Norway, a much more than relative increase in the quantity of goods exported hence into Norway would take place.'

Mr. Norman also states (731) that even now 'London and Liverpool furnish to Norway British manufactured and colonial goods to a far larger amount than the proceeds of the timber exported;' and further (749), 'that the balance of freight is generally disposed of by the Norwegian captain and his crew almost wholly in the purchase of British manufactured goods.'

In Sweden, it is stated by Mr. Henry Prescott (858), a Bank Director, and a gentleman engaged in that trade, that a reduction of duties on British goods will come into operation in 1836: and in Prussia, so strong is the disposition to consume British manufactures,—

'That they find their way into Prussia,' says Mr. Bateman (1,082), 'through the port of Hamburgh: there is a very large exportation of British manufactured goods from Hull to Hamburgh; and I have reason to think that those manufactures find their way, in some measure, into Prussia.'

In contradiction to this very conclusive evidence in favour of an immediate increase in the demand for British manufactures consequent upon the removal of the present restrictions on Baltic timber, it is rashly asserted, but without even an attempt at proof, that the people of the Baltic countries will take nothing but money. Admitting this to be true, and thus giving the opponents of free trade all the benefit of their assertion, the argument can easily be shown to be of no value.

The money which, by the supposition, the Baltic people will receive from England, is of no use to them but for the purpose of enabling them to become more extensive purchasers of other articles. 'I presume,' says Mr. John Revans\*, 'they do not eat it, nor wear it, nor sleep upon it.' Now, in laying out their money, although they may studiously avoid purchasing of us, they can scarcely avoid dealing with a customer of England; and thus,

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\* Observations, &c., p. 32.



although the increase of their exports may not create a *direct* demand for our manufactures, it must of necessity create an indirect demand. Even if some portion of the money received from us be laid out among a people not our customers to any extent, they will, at all events, be the customers of our customers, so that ultimately, though perhaps after a considerable circuit, an increased demand must necessarily reach our manufacturers.

This circuitous demand may be thus conceived: Norway, instead of buying our manufactures, insists on having our money. With this money she goes to Spain and Portugal for wines, to France for brandy, to North America for tobacco, and to the Brazils for sugar. Here, then, she deals with our good customers, who will most certainly come to us for calicoes and hardware with part of the money they get from Norway. With another portion of the money we may suppose they will go elsewhere for other commodities. Portugal and Brazil, for instance, will go to Newfoundland for dried cod-fish, so that they thus become the customers of our customers. In practice the circuit would perhaps be larger and more complicated; but, so long as Great Britain can sell her manufactures below the price at which other nations can afford similar goods, no extension in the purchasing power of any nation can possibly take place, without benefit accruing, either directly or indirectly, to the manufacturers of this country.

But we need not stop even here. Suppose that Norway, instead of putting money to its ordinary uses, were to be suddenly seized with a desire to possess 'vessels of silver and vessels of gold;' suppose further that at the same time other nations were to be seized with the same mania; this would really increase the demand for the precious metals. But what would be the consequence? The precious metals are commodities, produced under the same circumstances as other commodities, and obeying precisely the same laws. An increased demand would raise the price. This would stimulate supply; and the countries producing the precious metals would experience a great increase of prosperity. But the countries producing the precious metals are among our best customers for manufactured goods; hence, even on this extreme supposition, benefit would reach our manufacturers as certainly, and even as quickly, as under any other circumstances. No idle and vague fears need at any time be felt about draining us of our specie. This country is the money market of the whole world. Specie (especially silver in the shape of dollars) is perpetually pouring in upon us, so that the nation which will sell to us what we require, and take some of our surplus silver, is not a bad, but a very good, customer.



The effect of an equalization of the timber duties upon the interests of our manufacturers will therefore be this: Canada, as we have shown, will still take off as great an amount as before, whilst in the North of Europe a new demand will be created equal to the whole value of the trade transferred, or, at the lowest calculation, to £500,000 sterling\*. The privation of this trade must consequently be added to the other evils which the present scale of duties inflicts upon the community.

We now approach the last branch of our inquiry, namely, the effect of a change in the channel of the timber trade upon our shipping, and, through our shipping, upon our maritime power.

In order to ascertain the effect of such change upon our mercantile marine, it is necessary to know what portion of that marine finds employment in the colonial timber trade. The Appendix to the Report of the Committee on the Timber Trade will enable us to establish this point. It contains a statement of the ships employed in the trade between the United Kingdom and the North-American colonies, which is as follows:—

Ports.	Ships.	Tons.	Men.
Quebec . . . . .	779	232,273	9,964
Montreal . . . . .	120	28,694	1,421
St. John's . . . . .	511	153,392	6,603
St. Andrew's . . . . .	102	29,729	1,269
Halifax . . . . .	122	29,906	1,356
Cape Breton . . . . .	12	1,789	113
Prince Edward's Island . . . . .	19	3,360	159
Newfoundland . . . . .	151	18,515	1,122
Total . . . . .	1,816	497,658	22,007

This statement is far beyond the average, but we prefer taking it, as we have all along given the opponents of free trade the benefit of their own statements. It must also be observed that the above table includes the shipping employed in the transport of wheat, ashes, flour, and other produce, from Canada, and also fish and oil from Halifax, Cape Breton, Prince Edward's Island, and Newfoundland. Newfoundland and Montreal send no timber; Halifax, Cape Breton, and Prince Edward's Island, ship other articles. Hence the following table of deductions will be found necessary, to enable us to arrive at the shipping employed in the colonial timber trade.

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\* We have said nothing of the increased demand for manufactured articles on the part of the *British consumer*, when allowed to keep in his pocket the million and a half now annually taken from him in sheer waste by the discriminating duty.



Ports.	Cargoes.	Tons.	Men.
Montreal . . . . .	120	28,694	1,421
Quebec . . . . .	100	25,000	1,200
Halifax, Cape Breton, and Prince Edward's Island. . . . .	76	17,600	850
Newfoundland . . . . .	151	18,516	1,122
Total . . . . .	447	89,810	4,593*

The number of cargoes of timber shipped from British America is thus shown to be 1,369, the tonnage occupied 407,848, and the seamen navigating the said ships 17,414.

But the ships employed in carrying these 1,369 cargoes make more than one voyage. Those employed in the Canada trade make two ; in the New-Brunswick trade they sometimes do, and always can, make three ; and, when they do not do so, a voyage to the North of Europe is by no means uncommon. This would, probably, make each ship carry, on the average,  $2\frac{1}{3}$  cargoes, and make the whole number of ships employed amount only to 586. But, giving the ship-owners all the advantage of the difference, we will assume—a great admission on our part—that they can only make two voyages, on the average, to the American ports : this will give 684 ships employed in the colonial timber trade, measuring 204,000 tons, and navigated by 8,700 men.

If the timber trade were wholly annihilated, these 684 ships would be deprived of their present employment ; but we have seen that the trade would not be completely destroyed ; the United Kingdom would still require at least 100,000 loads of white pine timber, including masts, from the colonies. This quantity of timber, according to the proportion of the whole trade, would amount to 222 cargoes, or 111 ships, measuring 36,600 tons, and navigated by 1,400 men.

This leaves 573 ships, measuring 167,400 tons, together with 7,300 seamen, reduced to the necessity of finding other employment.

If the newly-opened trade of the Baltic were to employ British ships only, there would still be a diminution in the shipping employed, by the difference in the length of the two voyages. Of this the ship-owners would doubtless complain ; but their complaints would be no more reasonable than if they were to complain of the skill and energy of all masters of ships who should make more than two voyages across the Atlantic in one year. Formerly one voyage only was made to Canada. In 1827 a new ship,

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\* It will be seen that we make a very small allowance of tonnage and men where we are called upon to make the estimate ourselves.



called the 'John Porter,' astounded the sober captains in the Quebec trade by making five passages, or  $2\frac{1}{2}$  voyages. Since then the 'Cherub,' Captain Neill (an excellent seaman and a good man, who now commands the *Robertson*), and the 'Sophia,' Captain Miller, have made three complete voyages, or six passages across the Atlantic. The Quebec and Montreal merchants gave to each of these energetic men a piece of plate. Had they been consistent, they should have petitioned Parliament for a tonnage duty on second voyages, and a further duty on third voyages; for it ought to be quite clear that such active men as Captains Neill and Miller would throw one-third of our ships out of employment\*.

A diminished mercantile marine, arising from an improvement in navigation by which voyages are shortened, or from a shortening of the distance, is equivalent to saving effected in a process of manufacture. There would be a momentary loss; but this loss would be made up by the subsequent gain, otherwise the change would not take place. It is the saving, and nothing else, which determines that the change shall take place. In like manner a saving in the cost of building ships would injure individual ship-owners, but the public would gain in the price of every sea-borne article; and this gain would prevent a diminution of national capital, and furnish an additional fund for further accumulation. Loss of employment from a saving of cost cannot be regarded as a subtraction from the national wealth, and therefore is not to be deprecated.

The time occupied in the trade of the North of Europe, compared with that of British America, is as nearly as possible indicated by the average rate of freight, namely, as 28 to 37; in other words, the European timber trade would only require about 430 ships instead of 573. Of these 430 ships, it is capable of proof that the greater part will be furnished by Great Britain. The ship-owners, in contradiction to this, assert that they cannot compete with the ship-owners of the northern countries. How then is it that Great Britain, even under present disadvantages, actually enjoys a considerable share of the carriage of European timber? Taking the average of 10 years, ending with 1834, there have been imported from the North of Europe—

In British ships . . . . .	69,806 loads of timber.
In foreign ships (from all countries)	75,766 ditto†.

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\* Since the above was written we have met with the following extract from a Canadian paper:—'A splendid silver cup was presented at Quebec on Saturday last to Captain Edward Grandy, of the fast-sailing *City of Waterford*, as a token of respect for his having made three voyages last season to and from the port of Quebec in that vessel. Similar compliments were paid some years ago to Captain Neill, of the *Robertson*, and Miller, of the *Cherokee*, for similar successful efforts, when they were in the *Sophia* and *Cherub*.'—*Montreal Gazette*, May 24.

† See Porter's Tables, Part IV., 1835.



Without descending to particulars, this is quite sufficient to prove that the statement of the ship-owners is wholly unfounded, and that they do actually compete with foreigners on tolerably equal terms. But, if the competition be now equal, what so certain to destroy that equality, and turn the scale in favour of the British ship-owner, as a reduction of 25 per cent. in the price of the principal material used in the construction of ships? At the present moment there is scarcely any branch of our industry so heavily taxed as our shipping. The timber, the iron, the cordage, the sail-cloth, and, when the Corn Laws are considered, we may add the labour, are all enormously enhanced in price by our antiquated system of restrictions; yet, instead of demanding perfect freedom of trade, the narrow-minded ship-owner calls for countervailing restrictions in his favour, which, although they might, perhaps, give him the chief share in the carrying trade of colonial and British produce, would effectually deprive him of much of the foreign carrying trade which he now enjoys, and which he enjoys only because his own insane wishes have not been completely attended to.

At the first opening of the Baltic trade every one must admit that foreign nations will not have wherewith to supply the necessary tonnage, and that, therefore, our ships now engaged in the American trade will be called upon to supply it. As they gradually become worn out, two circumstances afford conclusive evidence that Great Britain would still be called upon to supply the demand. The first is the cheapening of what may be called the raw material of ships; this has already been discussed. The second is this: timber can be carried in ships so worn out as to be useless for other purposes. As Great Britain has the largest stock of ships of any nation in the world, it follows that her supply of old ships, fit only to carry a floating cargo, must be large in proportion. The supply of old ships possessed by the Baltic nations being necessarily small, it could be by building only that they could supply tonnage sufficient for the increased timber trade. But it is quite impossible that new ships can compete with old ships: hence Great Britain must enjoy the trade.

There is, in the minutes attached to the Report of the Committee, much direct evidence in favour of this general conclusion. Mr. Norman is asked,—

‘ 743. Supposing the scale of duties were altered, so as to increase the taxation and export of deals from Norway, do you imagine that extra quantity would be exported wholly in Norwegian ships, or that British shipping would be employed?—I should think that British shipping, in that case, must be employed, for I do not think that the Norwegian ships are numerous enough to supply the probable demand for them.



‘ 744. Why should it not answer the purpose of the Norwegians to build ships for that trade?—The hull of a Norwegian ship can, of course, be built cheaper than the hull of an English ship, the cost of materials being so much less ; but I believe the hull is the only thing in which the Norwegian ship has the advantage, for all her sails, her anchors, her cordage, her cables, are invariably English ; there are very few ships that come to the port of London where that is not the case.’

With regard to the principal Prussian ports, Mr. Solly’s opinion is equally strong, as the following extract will show :

‘ I believe that, if the present cause was by any means removed, whereby the trade to Memel in wood would resume its former footing, it would in every respect resume that footing, and be carried on, as before, in British ships.

‘ 1,618. Then you are of opinion that the British ship-owners can navigate as cheap as the Prussian?—A great deal cheaper.’

Mr. Solly, after stating that his observations apply to Danzig as well as to Memel, gives the reasons on which his opinions are grounded.

The gentlemen connected with the colonial trade, as may be supposed, bear witness against Mr. Solly and Mr. Norman. They declare that the English ship-owner cannot sail his ship as cheaply as the foreign ship-owner ; but when we recur to the strong fact that he does already maintain a competition, and add to this the bias which their evidence receives from their interest, we are bound to receive their unproved statements with suspicion.

That the *present* owners would be called upon to compete with cheaper *British* ships we admit ; and this we believe to be at the bottom of their opposition to a reduction of the duty on what we have called one of the raw materials of the ship. Hear Mr. J. D. Hume, of the Board of Trade, on this point. In allusion to the drawback of duty allowed on timber used in building churches, Mr. Hume is asked,—

‘ 151. Do you not think it would be possible to give to the shipping interest a similar advantage, and to allow them to have their timber duty-free for ship-building?—This is a subject which was taken into consideration some time ago by the Board of Trade, when Mr. Huskisson was the President of it. He was very anxious to make an arrangement by which the ship-owners might have a drawback of the duties used in ship-building \* \* \* it was accordingly proposed to some persons of the shipping interest ; but it was strongly opposed by the gentlemen to whom it was submitted, because they said it would be a means of building ships in future much cheaper than their own had been built, and that it would be a great bounty to the building of more ships. It was then observed that the national interest was generally urged in favour of the shipping interest, and with it the maritime strength of the country ; but the parties seemed



to think it would be very hard to lower the value of their ships for a future object of that nature, particularly when that property had been already lowered so much as it had been at that time.'

We think we have said enough to show that, of the tonnage required to bring the timber of the Baltic to this country, the greater portion—indeed nearly the whole—would be British. Still there would be a decrease of demand to the extent of some 140 or 150 vessels, measuring about 42,000 tons, in consequence of the shorter duration of the voyage. This tonnage would speedily be absorbed by the increased quantity of wheat, flour, and other commodities, which the capital and labour liberated from the production of timber will cause to be exported from the North-American colonies. It is true that, in the early stages of the process of adjustment, the demand will be chiefly for the better class of ships. There will, consequently, be a tendency to an advance in the freight of such ships, at the same time that the freight of old ships will decline. This will stimulate the building of new ships, and the breaking up of old—a state of things which will be extremely beneficial to the character of our mercantile marine. The following table\* will show the annual net consumption of our shipping by losses and breaking up :

	Ships.	Tons.
Shipping at the end of 1832 . . . . .	24,435	2,618,068
Built in 1833 . . . . .	1,159	144,648
<b>Total . . . . .</b>	<b>25,594</b>	<b>2,762,716</b>
Actual quantity, end of 1833 . . . . .	24,385	2,634,577
<b>Consumption in 1833 . . . . .</b>	<b>1,209</b>	<b>128,139</b>
Shipping at the end of 1833 . . . . .	24,385	2,634,577
Built in 1834 . . . . .	1,160	148,121
<b>Total . . . . .</b>	<b>25,545</b>	<b>2,782,698</b>
Actual quantity, end of 1834 . . . . .	25,055	2,716,000
<b>Consumption in 1834 . . . . .</b>	<b>490</b>	<b>66,698</b>
Average consumption by loss and breaking up . . . . .	850	97,420

It is impossible, after examining the above table, to conceive that any serious inconvenience can arise from the temporary jeopardy in which some 40,000 tons of shipping will be placed. But when it is considered that the whole value of such ships does

\* See Porter's Tables, Part IV. p. 43.



not exceed one-tenth of the loss we are doomed annually to incur for their supposed benefit, no minister should hesitate one moment in the work of equalization.

We shall now detain the reader but a very short time, whilst we dispose of what may be called the patriotic argument of the ship-owners. Of the sincerity of this patriotism of theirs Mr. Hume's statement has given us the means of judging; but we have now merely to examine the validity of the argument. We are told that the destruction of the colonial timber trade will seriously affect our maritime power, by endangering the employment of upwards of 7,000 seamen. Now, suppose that the whole of the shipping employed in the timber trade, instead of being immediately taken up by the European trade, were swept from the waters, does any one in his senses really imagine that our maritime power would suffer? If so, we were in a deplorable condition in 1832, when we had nearly 7,000 seamen less than in 1834. According to Parliamentary returns we had, in 1834, 168,061 seamen, and in 1832 only 161,634, being a difference of 6,327 men. In fact, after losing the whole of the shipping engaged in the colonial timber trade, we should still be in a better position for manning a navy than we ever were before. At no period of our history has Great Britain had so large a mercantile marine as at present\*; whilst, at the same time, the chances of war were never so small. Before the late war France had a considerable navy, but, by a series of the most extraordinary successes, England destroyed that navy so completely, that Napoleon ceased to hope for its resuscitation. Yet, with the navy of our former rival reduced to insignificance, in a period of profound peace, and without the remotest probability of war (dread of Russia notwithstanding), we are called upon to keep our navy in the same state of efficiency as though we were on the point of quarrelling with all Europe. On the absurdity of this policy we cannot avoid presenting to the reader's attention an extract from

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\* The following statement of the number of seamen employed in British ships in the period from 1802 to 1811, compared with the number at present employed, ought to remove all alarm:—

Average number of British seamen in the nine	}	158,184
years, from 1802 to 1811 . . . . .		
Number in 1804 . . . . .		153,787
„ 1834 . . . . .		168,061
Increase, compared with the average from 1802	}	9,877
to 1811 . . . . .		
Increase compared with 1804 . . . . .		14,274
Seamen employed in the colonial timber trade . . . . .		8,700

The following statement of the contributions from seamen, national and mercantile, to Greenwich Hospital, also confirms our view:—

Contributions in 1818 . . . .	£39,590
„ 1827 . . . .	39,965



the late Mr. Mill's admirable article, 'Colony,' in the 'Supplement to the Encyclopædia Britannica.'

'A navy is useful for the defence of Great Britain. But a navy of what extent? One would not, for example, wish the whole people of Great Britain engaged in the navy. The reason, we suppose, would be, because this would not contribute to strength, but weakness. This is an important admission. There is, then, a line to be drawn; a line between that extent of navy which contributes to strength, and that extent which, instead of contributing to strength, produces weakness. Surely it is a matter of first-rate importance to draw that line correctly. What attempt has ever been made to draw that line correctly? What attempt has ever been made to draw it at all? Can anybody point out any landmarks which have been set up by the proper authority? Or, has the matter been always managed without measure or rule? And has it not thus always been an easy task to keep the navy in a state of excess, always beyond the line which separates the degree that would contribute to strength from the degree that infallibly contributes to weakness?

'As the passion of England has always been to have too great a navy; a navy which, by its undue expense, contributed to weakness; so it has been its passion to have too many sailors for the supply of that navy. The sailors of a navy are drawn from the sailors of the maritime trade. But a navy of a certain extent requires, for its supply, a maritime trade of only a certain extent. If it goes beyond that extent, all the excess is useless with regard to the supply of the navy. Now, what reason has ever been assigned to prove that the maritime traffic of Great Britain would not, without the monopoly of the colonies, afford a sufficient supply of sailors to a sufficient navy? None whatsoever; none that will bear to be looked at. But till a reason of that sort, and a reason of indubitable strength, is adduced, the policy of the navigation laws remains totally without a foundation. In that case it deserves nothing but rejection, as all the world must allow. It is a violent interference with the free and natural course of things; the course into which the interests of the community would otherwise lead them; without any case being made to appear which requires that violent disturbance.'

It is impossible to consider this subject without coming to the conclusion that the measure proposed by the committee, namely, to reduce the duty on European timber by 15s., that is, to 40s., is inadequate. It will produce all the inconvenience, without the benefit, which a bolder measure would produce. It is a half measure of good, but a whole measure of evil. It will render the colonial timber trade a lingering, dying trade. Men will still vainly hope for benefit from that trade, but, after ineffectual trials, they will be compelled to desist by a series of disappointments, generally ending in ruin. A more accurate view of the whole evidence than the committee have taken would have led to the following conclusions:—

1. That it is expedient to equalize the duty on all timber, from whatsoever source, and charge it at 20s. per load.



2. That the duty on deals, staves, battens, &c., be calculated according to their solid contents \*, at the same rate of 20s. per load.

The consequences of such equalization we have shown to be,—

First—That the revenue would be *at least* equal to its present amount ;

Second—That the community would be benefited to the amount of £1,500,000 per annum, in price and quality together ;

Third—That the colonists would be benefited by being induced to employ their labour and capital in sounder, steadier, and more productive modes of investment ;

Fourth—That the demand for British manufactures would be increased by the whole value of the trade transferred ; and, lastly,

Fifth—That the character of our mercantile marine would ultimately be considerably benefited by the reduced price of the principal material used in the construction of ships ; and, even should there be a cessation of demand for a small amount of tonnage of the worst ships, that the small loss consequent thereon cannot weigh against the enormous advantages which will spring from equalization ; especially when, as far as national defence is concerned, we are in a situation to bear more than the diminution which could occur if the whole shipping engaged in the colonial timber trade were sunk in the ocean.

Ω.

*Postscript.*—After coquetting with the question during the whole of the past session, ministers, towards its close, announced that they did not intend to introduce any measure affecting the *principle* of the trade till next year ; and as they will, even then, postpone the operation of the law until twelve months after its enactment, we shall be compelled to endure all the evils incidental to the restriction until the year 1838.

It was in 1831 that a measure proposing the reduction of the duty on Baltic timber, and a virtual recognition of the principle

\* The present mode of levying the duty is unjust to the English sawyer. The average duty on foreign deals is only 42s. 5½d. per load, whilst the sawyer has to pay 55s. on the timber he saws. On colonial deals the average duty is equal to 4s. 8d. per load ; the sawyer has to pay 10s. per load. Under an equal duty the English sawyer would enjoy a larger share of the manufacture.

Those countries which can produce deals of large dimensions are unduly favoured, whilst those which can furnish only the smaller and least valuable kinds are unjustly taxed. Witness the following scale:—

Dimensions.				Duty per Load.		
ft.	in.	in.	in.	£.	s.	d.
20	11	×	12 × 3	1	15	0
20	11	×	9 × 3	2	6	6
15	11	×	9 × 3	2	12	0
12	0	×	9 × 3	3	10	4
8	0	×	9 × 3	5	5	6



of free trade was introduced by the Whig ministry into the House of Commons; on a division they found themselves in a minority, and the question appears to have frightened them ever since.

As the annual loss was then more than £1,000,000, and is now £1,500,000, we may estimate the accumulated loss of the period of seven years at £9,000,000; that is, at the average annual rate of £1,250,000.

What can be said of the conduct of the Whigs in thus avoiding a financial reform which they declared to be necessary many years ago? In 1831 ministers in their speeches showed the trade to be fraught with evil. In 1833 the same ministry had power to carry anything. They were then enjoying the popularity which the passing of the Reform Act had conferred upon them: the first operation of that Act was to confer the power of an enormous parliamentary majority on its authors, and yet they neglected to take any advantage of that power as far as this question is concerned. In fewer words—in 1831 they knew of the evil;—in 1833 they had full power to remedy it;—and yet in 1836 the disgraceful regulation still remains in force. It may be urged that the Melbourne ministry is not the Grey ministry; that Lord Althorp, who proposed the measure, is no longer in the House, and so forth. All this is true as regards the names we have quoted; but it is still the Whig ministry; still is Mr. Poulett Thomson there, and in a much better position for carrying through a measure of the sort than he enjoyed when the question was first agitated.

If ministers had done their duty by bringing forward the question every year, and had submitted to be left in a minority for three or four sessions, they could have carried the measure long before this time. Discussion in the House would have led to controversy out of the House. The public would have become enlightened, and the maintenance of the monopoly would have been impossible.

It has been stated that some negotiations have been opened with the Northern Powers relative to a relaxation of the duties on British goods, and that the postponement was occasioned thereby. Now, we cannot think that delay is justifiable on such grounds. We deprecate the whole doctrine of reciprocity. Let England set the example of free trade without waiting the result of negotiations for reciprocity, and the system of commercial restrictions would melt away over the whole world. If the corn laws, maintained by the power of the land aristocracy against the sense of the nation, were repealed, that monument of ignorance, the American tariff, could not long be maintained.

It is of very little consequence which of the great monopolies is first broken down. So signal, we feel convinced, will be the



success attending the removal of any one of them, that the sweeping away of the rest must follow as a necessary consequence. The recent inroad made upon the West India sugar monopoly, by admitting the East India producer to a share, may, we trust, be taken as an earnest of more wholesome legislation in future. Ω.

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